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AUTHOR Wolansky, William D.
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ABSTRACT

Although plant closings and layoffs have been happening for a long time, today's recessions, major changes in the structure of the economy, and a tight job market have combined to make plant closings a more serious problem. Workers are faced with unemployment from both traditional labor-displacing changes, such as the increasing use of robotics; and from unprecedented structural shifts in the economy, such as changes in consumer demand, technology, energy costs, skill requirements, and government policies. Since 1970, almost a million manufacturing jobs have been lost in the automotive, rubber, steel, and other industries in the Northeast and Midwest. Many of these displaced workers will require retraining if they are to find real jobs. On one hand, retraining efforts face the barriers of the lack of resources, capacity, and commitment to make retraining available to mainstream employees in periods of economic recessions and high unemployment intervals in a peace-time economy. On the other hand, the United States has expanded its vocational-technical schools and colleges to the point that they can respond in a significant way to mass layoffs caused by plant reductions and closures. Area schools and community colleges have the staff, facilities, and administrative experience to provide high-quality, job-oriented training that can be tailored to suit the needs of displaced workers. A stronger partnership between industry, labor, and public education institutions will enable them to pool resources and provide flexible, responsive, and cost-effective retraining programs. (KC)

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RETRAINING DISPLACED WORKERS --

BARRIERS AND FACILITATORS

Presented by
William D. Wolansky
Professor of Industrial Education & Technology
and Coordinator of International Education Programs
College of Education, Iowa State University
Ames, Iowa 50011

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RETRAINING DISPLACED WORKERS -- BARRIERS AND FACILITATORS

Historically industries have emerged, expanded, contracted, relocated, and some closed as a part of what some economists call a "natural economic cycle." Many of the plant reductions or shutdowns occurring today are entirely different from the normal cycle of economic growth. In the past, the plant employee reductions over short terms or the less frequent plant shutdowns during economic fluctuations made it easier for laid-off workers to obtain jobs at comparable wage and skill levels.

Today, the longer-term recessions, major changes in the structure of our economy, and a tight job market (particularly in the heavy smokestack industries) have combined to make plant closings a more serious problem. Workers are faced with unemployment from both traditional labor displacing changes, such as the increasing use of robotics; and unprecedented structural shifts in our economy. Changes in consumer demands, in technology, energy costs, skill requirements, and government policies, are some of the causes of worker displacement.

According to Martin (1983) since 1970, almost a million manufacturing jobs have been lost in the automotive, rubber, steel, and other manufacturing industries in the Northeast and Midwest. Data on plant shutdowns and mass employee layoffs are not collected systematically, so it is difficult to determine the true extent of the problem. Harrison and Bluestone (1982, p. 26) of MIT and Boston College respectively, reported that between 1976 and 1981 approximately 95,000 plants closed in New England. These closures accounted for a loss of more than 1 million jobs. Obviously plant closures are relatively common in many regions as well as plant employee reductions during prolonged economic recessions. The dislocation of workers even during temporary reductions necessitates newer and current skills

of recalled workers frequently expected to interact and work with labor-saving installed equipment. However, according to Barth and Reisher (1981) it was estimated that between 1975 and 1981 some 13,000 plants employing 2.2 million workers, applied for Trade Adjustment Assistance, asserting they were reducing employment as a result of import competition. When a plant shuts down both employees and the community suffer the consequences.

It is recognized that many of the displaced workers, for whatever reason, will require retraining to acquire new skills if they are to find real jobs.

Retraining equips individuals for existing jobs requiring skills of a higher level than they currently possess.

The factors contributing to the increased urgency for retraining are numerous and interrelated. Employer attention to retraining are increased by:

1. Job competencies are altered in the workplace as a result of changing technology, processes, or products.
2. Increasing percentage of middle-age and older workers creates a greater demand for retraining employees to keep their skills current and matched to existing job requirements.
3. Increasing resource prices including wages, energy, capitals and raw materials are requiring higher efficiency in human productivity.
4. Anticipated upgrading of production methods and equipment in manufacturing requiring contemporary job skills of a wider range. Machine maintenance may require electronics and computers in addition to mechanics.
5. Addition of robots in manufacturing to remain competitive in global markets also necessitates new employee skills.

6. Company human resource strategic planning to prepare and continually up-grade their employees through systematic assessment and development programs.

Lee and Zemke (1983, p. 22) observed that the number of people with outmoded skills who actually lose their jobs is statistically small; far more people remain in their jobs and need to be retrained. The retraining of adult workers is critically important in addressing America's problem of productivity and its need for economic development.

What are the challenges to retraining of the displaced or dislocated workers? On one hand, it would appear that we lack the resources, capacity, and commitment to make retraining available to mainstream employees in periods of economic recessions and high unemployment intervals in peace time economy.

On the other hand, our nation has expanded its vocational technical schools and colleges where they can respond in a significant way to mass layoffs due to plant reductions and closures. Area Schools and Community Colleges have the staff, facilities, and administrative experiences to provide high-quality job-oriented training that can be tailored to suite the needs of the displaced workers.

Associated Problems

In a free enterprise economy, the federal government has less control and provides fewer interventions in the deployment of the workforce. Our workforce in the United States has been growing and changing very rapidly during the last three decades. The number of employed persons has increased from 65.8 million in 1960, to 81.7 million in 1972, to 95.8 million in 1980, to 103.2 million in 1984. Rothchild (1981, p. 18) points out that during World War II, 6 million

women were in the workforce, while in 1980, 41,194,000 (43%) of the workforce were female.

Obviously, the competition for "better jobs" is very much keener, thus requiring generally extended formal training and/or retraining. Also most smaller size manufacturing plants and business establishments do not have the in-plant training or retraining capabilities.

The Dislocated Worker

If we, in Vocational Education, are to serve the dislocated worker and provide responsive retraining, then we must comprehend many of the associated problems of the dislocated workers.

Thor (1983) in the State of California indicates that the impact of plant closures on individuals is generally sudden and devastating. During economic down cycles, when unemployment is generally high and rising, competition for jobs becomes more severe for those displaced workers resulting from mass layoffs. The decline of traditional high paying manufacturing jobs makes the choices of skilled and experienced workers very difficult unless they are willing to retrain or relocate.

Plant closures also create increased social costs and burden on its community resources. Boyle (1982, p. 2) reported that: The closing of a major manufacturing plant can cause the loss of up to 3.5 major jobs for every plant job in the supply of parts, transportation, retail sales, warehousing, advertising and public service industries.

Dislocated workers must be viewed as a critical issue for affected localities in terms of very real costs to the workers, their families, and society. Thor (1982) confirms that the typical dislocated worker differs substantially from

the typical unemployed person. More often than not the dislocated worker is older, male, less well educated, a union member, has several years seniority, and earns above average wages (p.16).

Problems attendant to the dislocated workers are that these older workers have more extensive income related obligations, they are better established in their community and are more reluctant to move, and with sudden release from previously secure employment makes them more apprehensive about retraining. Yet, without retraining in the sense of providing new skills to displaced workers, the likelihood of finding jobs with a similar wage is not very likely. Barth and Reisher (1981) cited Neumann's research which revealed that approximately 50 percent of the women and men who permanently lost their jobs with their previous employer earned less than 75 percent of their old salaries on their new jobs as a result of retraining. Harmin (1981, p. 15) also observed that the thorny problems associated with the displacement of factory workers is that the skilled worker has few other places to go. It is also this group that receives least in-plant up-grading. Gorowitz (1983, p. 28) reported that more formal training funds are spent on the service sector employees than on the production workers.

Reason for Optimism

Vocational education is serving approximately 4½ million students in our public institutions, private technical schools are serving another ½ million and obviously the need to up-grade and retrain future workers will remain an issue of national significance.

It is also recognized that as the equipment in our plants becomes more sophisticated, automated, and computerized, that skilled worker will need more advanced initial preparation and subsequent up-grading and retraining.

We anticipate 309 million people in the United States by the year 2050 and demands for goods and services is not likely to diminish. It is time that we as a nation establish a national commitment to education, training, and retraining of workers and create priorities if we are to keep our workforce competitive in the global economy. As Robert Reich (1983) a Harvard economist has suggested, it is time education and training be conceptualized "as an investment, not a social-welfare transfer payment". We need on-going up-grading and retraining programs sponsored by industry, labor and education on a continuous basis and not only in times of crises. Reemployment should be the major objective of all retraining programs. However, vocational educators need to recognize that employability extends beyond the acquisition of technical skills and may include: job seeking skills, and information, counseling services, knowledge of job opportunities and requirements, psychological support from community services to facilitate re-adjustment and reabsorption into the workforce. Sources and procedures for acquiring financial aid for retraining is also an important factor. Supportive counseling during early adjustment, retraining, placement and in some cases follow-up by relocation services will aid retention and successful placement of the retrained workers.

Facilitators

Early intervention and community support groups to reduce the devastating impact on the dislocated worker and community are vital and necessary. Labor, management, and vocational education leaders with community groups can serve as catalysts in developing responsive training programs which will lead to reemployment.

Industry must not only invest in equipment but also devote more of its resources to up-grading and retraining, particularly the skilled production workers who have been neglected in the past. Unions also need to set funds

aside for up-grading and retraining production workers as a part of the negotiations contract. It is also conceivable that vocational education may have to redesign its initial preparation programs which would be more cluster oriented so that workers will have a broader range of skills to adapt to fluctuating demands of industry.

Job sharing may also be a useful mechanism to allow a person to receive retraining as a result of some release time to study and still retain some earnings.

Improved employer and employee relations with long range strategic planning would allow for better employee investment and career development.

On the immediate scale, we can and must create a stronger partnership between industry, labor, and public education institutions providing education and training so that we can pool our resources and provide flexible, responsive, and cost-effective retraining programs.

We can be more effective if we combine forces rather than splinter our efforts and dilute our retraining programs by duplicating services, competing for scarce resources, and reducing cost effectiveness by adding redundant administrative costs. There are numerous retraining programs serving dislocated workers in our public vocational institutions. We need to have more research of models that have provided high incidence of successful re-employment and what factors contribute to their success.

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